

Message Text

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42

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 PA-01 PRS-01 L-03 H-02 /085 W

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FM AMEMBASSY NASSAU

TO SECSTATE WASHDC 7752

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E.O. 11652: N/A

TAGS: ECON EINV BF

SUBJ: REACTION IN FREEPORT TO RECENTLY ANNOUNCED PLP ECONOMIC
POLICIES

REF: A. NASSAU 2143, DEC. 1975 B. NASSAU A-75, DEC. 1975

1. DURING RECENT TWO-DAY VISIT TO FREEPORT, AMBASSADOR AND
EMBASSY OFFICERS HAD OPPORTUNITY TO MEET WITH A NUMBER OF
PROMINENT PEOPLE IN THE BUSINESS COMMUNITY, AMERICAN AND
BAHAMIAN. GENERAL REACTION, ESPECIALLY AMONG FORMER, WAS ONE
OF PESSIMISM AS TO EFFECT OF GCOB ECONOMIC POLICIES ON ALREADY
DEPRESSED FREEPORT ECONOMY. IN PART, PESSIMISM CONCERN WHICH
CERTAIN ANNOUNCED ACTIONS -- INCREASED WORK PERMIT FEES,
LARGE PERMANENT RESIDENCE FEE, NATIONAL HEALTH INSURANCE
COSTS AND GENERAL EMPHASIS ON BAHAMIANIZATION--WOULD HAVE ON
THE ECONOMY AND IN PART DUE TO A VAGUE FEELING OF UNEASE THAT
THE ANNOUNCED ACTIONS WERE A FIRST STEP TOWARD SUBSEQUENT
UNSPECIFIED BUT PERHAPS MORE FAR-REACHING MEASURES. A SORT
OF "WE'VE SEEN IT HAPPEN IN OTHER NEWLY DEVELOPING COUNTRIES"
SYNDROME. SOME LARGE AMERICAN-OWNED CONCERNS MAY BE OVER-
REACTING AND ARE PERHAPS PESSIMISTIC FOR SOME REASONS HAVING
NOTHING TO DO WITH GCOB ECONOMIC POLICIES, (E.G., EFFECTS

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OF U.S. ENERGY POLICY ON BORCO AND FLORIDA CONSTRUCTION DOWNTURN

ON BAHAMAS CEMENT), AND MAY SUBSEQUENTLY BE REASSURED BY THE GOVERNMENT'S EFFORTS TO CLARIFY ITS POSITION THROUGH, FOR EXAMPLE, HIGH GOVERNMENT LEVEL SEMINARS TO BE HELD IN NASSAU IN JANUARY AND FREEPORT IN FEBRUARY. IN ANY EVENT GENERAL ECONOMIC CONDITIONS IN FREEPORT REMAIN STAGNANT AND SEEM UNLIKELY TO BE HELPED BY GOVERNMENT ECONOMIC POLICIES.

2. DETAILED MEMCON ON DISCUSSIONS DURING VISIT AND SEPARATE AIRGRAM ON NEW WORK PERMIT FEES FOLLOW.
WEISS

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Message Attributes

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